

Facts and Figures on the Middle-Class Squeeze in Hawaii

For hard-working, middle-class families all over the country, life during the Bush presidency has grown less affordable and less secure. President Bush's record of fiscal incompetence and mismanagement and Republicans' close ties with special interests have helped lead to both lower wages and skyrocketing costs for basic necessities like gas, health care, and college tuition. Unfortunately, instead of addressing the problems facing the middle class, Bush Republicans have either ignored them or enacted measures that have made matters even worse.

Middle-Class Families in Hawaii Squeezed By Skyrocketing Costs

Health care premiums have increased for Hawaii's families. Nationally, the cost of family health insurance has skyrocketed 78 percent since 2001.¹ In 2005, the average inflation-adjusted health care premium for family coverage in Hawaii was \$9,392, an increase of 26.82 percent since 2000, while the average premium for individual coverage was \$3,339, a 23.75 percent increase from 2000.²

Meanwhile, the number of uninsured Americans has increased every year since President Bush took office, from 41.2 million in 2001 to a record high of 47 million in 2006.³ In 2001, 10.1 percent of Hawaii residents had no health insurance.⁴ In 2006, 8.8 percent of Hawaii residents had no health insurance, a decrease of 1.3 percent.⁵ An alarming number of low income children in Hawaii do not have health insurance. In Hawaii, 8,370 children living in families below 200 percent of the federal poverty level (or 42.5 percent) do not have health insurance.⁶

Gas prices have nearly doubled in Hawaii. In Hawaii, the price of regular gas has jumped 98 percent from \$1.74 the week President Bush took office in January 2001⁷ to \$3.45 in February 2008.⁸ In 2008, the average Hawaii household with children will spend about \$4,866 on transportation fuel costs, an increase of 98.28 percent over 2001 costs.⁹

College education costs in Hawaii continue to rise. Nationally, average tuition, fees, room, and board costs at four-year public universities have increased by \$4,357 from \$8,439 in the 2000-2001 academic year to \$12,796 in the 2006-2007 academic year, an increase of 51.6 percent.¹⁰ In just the past school year in Hawaii, average tuition and fees at four-year private universities have increased by 6 percent from \$9,835 in the 2006-2007 academic year to \$10,391 in the 2007-2008 academic year, and have increased from \$4,227 to \$5,021 (or 19 percent) at four-year public colleges.¹¹

In 2006, 21 percent of family income was needed to pay for one year at a four-year public college in Hawaii, after financial aid.¹² In Hawaii, 35 percent of students graduating from four-year institutions in the 2004-2005 school year graduated with debt.

The average student graduating from a four-year college in Hawaii that year owed \$14,290 in student loan debt.¹³

The subprime mortgage crisis is impacting Hawaii homeowners. Subprime mortgages once helped millions of Americans, many with limited or imperfect credit, achieve the American dream of homeownership. Unfortunately, under the Bush Administration's watch, unregulated mortgage originators engaged in abusive and predatory lending practices, deceiving vulnerable borrowers into adjustable rate mortgages (ARMs) they could never afford, charging excess fees, and trapping them in high-cost loans with costly pre-payment penalties. As interest rates on these adjustable rate loans reset and move sharply higher, many American families will lose their home to foreclosure.

An estimated two million American households may lose their homes to foreclosure this year and next, and no state has been immune. In Hawaii, more and more people are facing mortgage delinquencies and foreclosures: there were 1,270 foreclosures in 2007 in Hawaii, with 130 foreclosures filed in December 2007.¹⁴ According to a recent Joint Economic Committee report, there are an estimated 26,603 outstanding subprime loans in Hawaii and the number of subprime foreclosures is estimated to total 3,638 between the third quarter of 2007 and the end of 2009.¹⁵

In addition, the high rates of foreclosure are bringing bring down neighboring property and household wealth. The Joint Economic Committee found that the expected economic costs of forecast foreclosures total nearly \$104 billion. In Hawaii, subprime mortgage-related foreclosures will cost \$928,771,130 in lost property value and \$2,119,850 in lost property taxes over the second half of 2007 through the end of 2009.¹⁶

Middle-Class Families in Hawaii Squeezed By Declining Incomes and Fewer Job Opportunities

While families work harder, their real wages continue to decline. Nationwide, median household income, adjusted for inflation, has declined \$962 between 2000 and 2006.¹⁷ In Hawaii, after adjusting for inflation, people are barely earning more than they were in 2000. In 2000, the median income in Hawaii was \$60,351.¹⁸ In 2006, the median income in Hawaii was \$60,470, a slight increase of \$119, or 0.20 percent.¹⁹

Job creation during the Bush Presidency is among the worst since the Hoover Administration.²⁰ Private sector job creation has been especially poor during the Bush presidency, with an average annual job growth rate of only 0.5 percent per year since 2001.²¹ Just 3.8 million private sector jobs have been created during since 2001, compared with over 20 million private sector jobs created during the Clinton presidency.²² In Hawaii over the same period, the number of non-farm employees rose by 78,200, an increase of 18.36 percent between January 2001 and December 2007.²³

The U.S. manufacturing sector, often the source of jobs with good pay and benefits, has lost over three million jobs since the start of the Bush Administration.²⁴ In December 2007, there were 14,900 manufacturing jobs in Hawaii, representing a 10.24 percent drop in manufacturing employment since January 2001.²⁵

Nationwide, unemployment has increased by 19 percent. In part because of this failure to create a sufficient number of jobs, the national unemployment rate stands at 4.9 percent,²⁶ 0.7 percentage points higher than the 4.2 percent rate when President Bush took office. This represents 7.6 million people who are officially counted as unemployed – over 1.6 million more people than were unemployed in January 2001. The unemployment rate in Hawaii decreased 40 percent between 2000 and 2006.²⁷ In December 2007, there were 20,800 unemployed individuals in Hawaii.²⁸

The Bush Administration has presided over the second largest average annual rise in the poverty rate.²⁹ In 2006, 36.5 million Americans were living in poverty in the United States, an increase of over 4.9 million since 2000.³⁰ In Hawaii, the poverty rate increased from 8.9 percent in 2000 to 9.2 percent in 2006.³¹

Middle-Class Families in Hawaii Squeezed By Record Levels of Republican-Created Debt

In addition to tightening the squeeze on America's families, Republican policies have made our entire nation less financially secure. Republicans increased our national debt to nearly \$9 trillion and have insisted on spending billions of dollars every year on budget-busting tax breaks for special interests and multi-millionaires. The Bush Administration also continues to compromise our economic security by increasing our reliance on foreign investment from China, Japan, and Dubai.

Bush Republicans turned record budget surpluses into record deficits. When President Bush took office in January 2001, he inherited a unified budget surplus of \$236 billion from President Clinton, the largest surplus in American history.³² Budget surpluses were expected to continue for another ten years when President Bush took office in January 2001.³³ By 2002, however, the unified federal budget had returned to a deficit of \$160 billion and has since reached historic highs.³⁴ Last year, the budget deficit was \$163 billion, or 1.2 percent of GDP.³⁵

An enormous trade deficit is undermining U.S. competitiveness. In 2006, the U.S. trade deficit was \$765.26 billion – a record high and twice the size of the trade deficit in 2001.³⁶

Debt owed to foreigners climbs to record levels. In order to finance record budget deficits, the United States has had to borrow at unprecedented rates from foreigners. As of September 2007, the United States had accumulated \$1.33 trillion more in debt to foreigners than this country had accumulated in its first 224 years.³⁷ By contrast, during the last three years of the Clinton Administration, the United States paid off more than \$200 billion in debt to foreigners.³⁸

Bush Republicans, addicted to borrowing, increased the national debt by over \$3 trillion. President Bush is the most fiscally irresponsible American president, having presided over the largest explosion of debt in our nation's history. Every year since taking office, President Bush requested that Congress increase the statutory debt limit, resulting in a \$3.2 trillion, or 57 percent, increase.³⁹ At the end of 2007, the federal debt was \$8.9 trillion,⁴⁰ or roughly \$30,000 for every man, woman, and child in America.⁴¹

Record federal deficits and debt create record interest costs for Hawaii's taxpayers. Record federal deficits and debt create record interest costs for Americans. In 2006, interest costs on the federal debt amounted to \$405.9 billion and this figure will grow to \$645 billion by 2017.⁴² Moreover, the Bush tax cuts, which disproportionately benefit the wealthiest Americans, have resulted in an increased national debt that will have to be paid off in the future, which is a burden that falls disproportionately upon the middle class.

Between 2001 and 2006, Hawaii residents in the top one percent income bracket (earning an average income of \$837,700 in 2006) received an average of \$55,662 tax cut per family member, which exceeds their added debt and interest burden per person for a *net benefit* of \$15,088. By contrast, Hawaii residents in the middle 20 percent income group (earning an average income of \$41,200 in 2006) received an average \$2,106 in tax cuts, but their share of the added debt and interest totaled an average \$8,760, resulting in a *net loss* of \$6,654 over the six-year period. The *net loss* for a middle class family of four is estimated to be \$26,617 over that period.⁴³

Endnotes

- ¹ The average annual premium cost for family health coverage in 2007 is \$12,106, compared with \$7,063 in 2000. Kaiser Family Foundation, 2001 Employer Health Benefits Survey Report, available <http://www.kff.org/insurance/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=13836>; 2007 Employer Health Benefits Survey Report, available at <http://www.kff.org/insurance/7672/>.
- ² Joint Economic Committee survey of data from U.S. Department of Health and Human Services, Medical Expenditure Panel Survey, Table II.C.1: Average total single premium (in dollars) per enrolled employee at private-sector establishments that offer health insurance by firm size and State: United States, available at http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=2&subcomponent=2.
- ³ U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2006 (August 2007), Figure 6, available at <http://www.census.gov/prod/2007pubs/p60-233.pdf>; U.S. Census Bureau, Health Insurance Coverage: 2001, Table B.3, available at <http://www.census.gov/prod/2002pubs/p60-220.pdf>.
- ⁴ U.S. Census Bureau, Health Insurance Coverage: 2001, Table HI06. Health Insurance Coverage Status by State for All People: 2001, Not poverty universe: unrelated individuals under age 15 are included, available here.
- ⁵ U.S. Census Bureau, Health Insurance Coverage: 2006, Table HI06. Health Insurance Coverage Status by State for All People: 2006, Not poverty universe: unrelated individuals under age 15 are included: 2006, available at http://pubdb3.census.gov/macro/032007/health/h06_000.htm.
- ⁶ Percent of Uninsured Children Who Are Living in Families Below 200 percent of the Federal Poverty Level, Three-Year Average 2003-2005, University of Minnesota, State Health Access Data Assistance Center.
- ⁷ U.S. Department of Transportation, Federal Highway Administration, Monthly Motor Fuel Reported by States, January 2001, available at <http://www.fhwa.dot.gov/ohim/mmfr/jan01/mfr50101.htm>.
- ⁸ AAA, Daily Fuel Gauge Report: Current State Averages, available at (visited February 4, 2008)
- ⁹ Energy Information Administration, Motor Gasoline Consumption, Table F1: Motor Gasoline Consumption, Price, and Expenditure Estimates by Sector, 2005, available at http://www.eia.doe.gov/emeu/states/sep_fuel/html/fuel_mg.html; Energy Information Administration, Household Vehicle Energy Use: Latest Data and Trends; Energy Information Administration, Short Term Energy Outlook (June 2007); U.S. Census Bureau, Households and Families, Table 2 (September 2001), available at <http://www.census.gov/prod/2001pubs/c2kbr01-8.pdf>.
- ¹⁰ *Id.*
- ¹¹ College Board, Trends in College Pricing 2007, 15, available at http://www.collegeboard.com/prod_downloads/about/news_info/trends/trends_pricing_07.pdf.
- ¹² The Institute for Public Policy and Higher Education, Measuring up 2006: The National Report Card on Higher Education, available at <http://measuringup.highereducation.org/reports/default.cfm>.
- ¹³ Calculation by the Project on Student Debt using campus data collected from the Common Data Set questionnaire, licensed through Thompson Peterson's at Thompson Peterson's Undergraduate Financial Aid and Undergraduate Databases, cited by U.S. Senate Committee on Health, Education, Labor & Pensions, Chairman's Staff, A New Commitment to Students and Families: Opening the Door to College for All (July 2007).
- ¹⁴ RealtyTrac, 1/29/08.
- ¹⁵ Mortgage Bankers Association survey data.
- ¹⁶ Joint Economic Committee, The Subprime Lending Crisis: The Economic Impact on Wealth, Property Values and Tax Revenues and How We Got Here, Figure 5, (October 25, 2007) available at <http://www.jec.senate.gov/Documents/Reports/10.25.07OctoberSubprimeReport.pdf>.
- ¹⁷ U.S. Census Bureau, Income 2000, available at <http://www.census.gov/hhes/www/income/income00/inctab1.html>; Income, Poverty, and Health Insurance Coverage in the United States: 2006 (August 2007), Figure 1, available at <http://www.census.gov/prod/2007pubs/p60-233.pdf>.

- ¹⁸ U.S. Census Bureau, Historical Income Tables – Households, Table H-8: Median Household Income by State: 1984 to 2006 (in 2006 CPI-U-RS adjusted dollars), available at <http://www.census.gov/hhes/www/income/histinc/h08.html>.
- ¹⁹ U.S. Census Bureau, Historical Income Tables – Households, Table H-8: Median Household Income by State: 1984 to 2006 (in 2006 CPI-U-RS adjusted dollars), available at <http://www.census.gov/hhes/www/income/histinc/h08.html>.
- ²⁰ U.S. Department of Labor, Bureau of Labor Statistics, Employment Situation Summary, available at <http://www.bls.gov/news.release/empstoc.htm>.
- ²¹ U.S. Department of Labor, Bureau of Labor Statistics, Industry at a Glance, Labor Force Statistics from the Current Population Survey, *available at* <http://www.bls.gov/webapps/legacy/cpsatab5.htm> (visited June 6, 2007).
- ²² *Id.*
- ²³ U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Table 5. Employees on nonfarm payrolls by state and selected industry sector, seasonally adjusted (January 18, 2008), *available at* <http://www.bls.gov/news.release/laus.t05.htm>.
- ²⁴ U.S. Department of Labor, Bureau of Labor Statistics, Industry at a Glance, Labor Force Statistics from the Current Population Survey, *available at* <http://www.bls.gov/webapps/legacy/cpsatab5.htm> (visited June 6, 2007).
- ²⁵ Bureau of Labor Statistics, Local Area Unemployment Statistics, Table 5: Employees on nonfarm payrolls by state and selected industry sector, not seasonally adjusted (January 18, 2008) available at <http://www.bls.gov/news.release/laus.t06.htm>.
- ²⁶ U.S. Department of Labor, Bureau of Labor Statistics, Employment Situation: January 2008 (February 1, 2008), available at <http://www.bls.gov/news.release/empstoc.htm> and Employment Situation: January 2001, available at <ftp://ftp.bls.gov/pub/news.release/History/empstoc.02022001.news>.
- ²⁷ U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Unemployment Rates for States Annual Average Rankings Year: 2006, available at <http://www.bls.gov/laui/lastrk06.htm> and U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics - Unemployment Rates for States Annual Average Rankings Year: 2000, available at <http://www.bls.gov/laui/lastrk00.htm>.
- ²⁸ U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Table 3: Civilian labor force and unemployment by state and selected area, seasonally adjusted (updated January 18, 2008), *available at* <http://www.bls.gov/news.release/laus.t03.htm>.
- ²⁹ Joint Economic Committee Democratic Staff analysis of data maintained by the Bureau of the Census and U.S. Department of Commerce from 1959-1995.
- ³⁰ U.S. Census Bureau, CPS 2005 Annual Social and Economic Supplement, POV01 (August 29, 2006), *available at* http://pubdb3.census.gov/macro/032006/pov/new01_100_01.htm.
- ³¹ U.S. Census Bureau, Historical Poverty Tables, Table 21. Number of Poor and Poverty Rate, by State: 1980 to 2006 available at <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html>
- ³² President Bush's Budget for Fiscal Year 2002, A Blueprint for New Beginnings at 201 (February 28, 2001), *available at* <http://www.whitehouse.gov/news/usbudget/blueprint/blueprint.pdf>.
- ³³ *Id.* at 7.
- ³⁴ Office of Management and Budget, Budget of the United States Government, FY2008 Historical Tables (February 5, 2007) available at <http://www.gpoaccess.gov/usbudget/fy08/pdf/hist.pdf>.
- ³⁵ Joint Statement of the Department of Treasury and Office of Management and Budget on Budget Results for Fiscal Year 2007 (October 11, 2007), available at http://www.whitehouse.gov/omb/pubpress/2007/101107_joint_statement.html.
- ³⁶ U.S. Department of Commerce, Bureau of Economic Analysis, U.S. International Trade in Goods and Services Foreign Trade Statistics, U.S. Trade in Goods and Services - Balance of Payments (BOP) Basis, *available at* <http://www.census.gov/foreign-trade/statistics/historical/gands.txt>.
- ³⁷ U.S. Department of Treasury, Major Foreign Holders of Treasury Securities (updated January 16, 2008), available at <http://www.treas.gov/tic/mfhhis01.txt> and at <http://www.ustreas.gov/tic/mfh.txt>.
- ³⁸ *Id.*
- ³⁹ Philip D. Winters, "The Debt Limit: The Ongoing Need for Increases," Congressional Research Service Pub. No. RL31967 (updated March 21, 2006).

- ⁴⁰ President's Budget; U.S. Department of the Treasury, "The Debt to the Penny and Who Holds It," available at <http://www.treasurydirect.gov/NP/BPDLogin?application=np>.
- ⁴¹ *Associated Press*, "U.S. debt: \$30,000 per American" (December 3, 2007), available at http://www.usatoday.com/news/washington/2007-12-03-debt_n.htm?loc=interstitialskip; U.S. Department of Treasury, The Debt to the Penny and Who Holds It, available at <http://www.treasurydirect.gov/NP/BPDLogin?application=np>.
- ⁴² Congressional Budget Office (August 2007).
- ⁴³ Citizens for Tax Justice, The Bush Tax Cuts: Is Your State Better Off? (October 2006), *available at* <http://www.ctj.org/bushtaxcuts.htm>. ["Technical notes: Tax cuts by state and income group were calculated by the Institute on Taxation and Economic Policy...Additions to the national debt (including amounts borrowed from the Social Security Trust Fund) are based on actual figures for fiscal 2002 through 2005 and Congressional Budget Office estimates for fiscal 2006 and 2007. The added debt was allocated among states and income groups based on shares of adjusted gross income and population (double-weighted). Of course, no one can say for sure how the debt will be paid for in the future, whether through huge program cuts or very large, potentially regressive tax increases. The approach here, which allocates the debt payments two-thirds to spending cuts (per capita) and one-third to proportional tax increases (by AGI), seems to be a middle ground of the possible outcomes."] See <http://www.ctj.org/pdf/debtus.pdf>).